

Mr. DURBIN. I want to ask the Senator a question through the Chair. I thank the Senator from Nevada for his comments.

But I have before me the budget. It is now in four different books. I have the lead book. By the time you get to page 14 of the President's budget, right in the front end of it, in the introduction, "Winning the War On Terror," is a long section on removing the threat of Saddam Hussein. It talks about Operation Iraqi Freedom, the removal of Saddam Hussein, and the responsibility of the United States in Iraq.

If I understand the Senator from Iowa correctly, despite the fact this is in the opening introduction of the budget, you can pour through this entire budget and not find a single penny—not one cent—that is going to be spent by the United States of America in waging the war in Iraq after September 30 of this year.

Is that my understanding of what the Senator from Iowa said?

Mr. HARKIN. The Senator from Illinois is absolutely right. I didn't believe it myself when I was first told of this. I started digging in the budget along with my staff. I said surely someplace in this budget they must have some money in there to fund our operation in Iraq.

You will look until your dying day and you will not find one penny in that budget for our operations in Iraq after September 30, you will just find a note about possible funding.

Mr. DURBIN. I ask the Senator from Iowa through the Chair this question: Has he heard any member of this administration suggest we will be withdrawing all of our troops from Iraq before September 30 of this year?

Mr. HARKIN. I think the Senator asked a very good question. I don't know. I have not heard them say that. But that is what the budget implies.

Mr. DURBIN. I am sure the Senator has visited with his National Guard in Iowa as I have visited them in Illinois. They have been told just the opposite. The Guard and Reserve have been activated and told they will be gone for a year or 18 months in service to our country. It is clear that once there we are going to support them. We will give them what they need to come home safely with their mission accomplished. But we can't do it for nothing.

My question to the Senator from Iowa is, Why would the President of the United States refuse to include in his budget one penny to wage this war in Iraq and this war in Afghanistan? What is the purpose behind short-changing this budget and making it look cheaper than it actually is? I ask the Senator from Iowa if he has any opinion.

Mr. HARKIN. I will just say to my friend all you have to do is go back and look at 2002, 2003, and 2004. Look at the last 3 years of the Bush budget and you can see what happened. They have dug themselves and our country into a huge fiscal hole. Now what they want

to do, rather than trying to get out of it, is going to dig us even further into that hole and try to make it look not so bad. They are trying to cut here and cut there, and doctor things up a little bit so it doesn't look quite so bad. They put zero money in there for Iraq.

Mr. DURBIN. If I might ask another question—

Mr. HARKIN. It is a shell game. That is all it is.

Mr. DURBIN. The Senator realizes that only 4 years ago we had a \$236 billion surplus that we were strengthening Social Security with, paying down America's debt, and reducing the mortgage our children will have to carry. And now, if I am not mistaken, we are going to be faced with this budget which is the largest deficit in the history of the United States of America.

My question to the Senator from Iowa is this: In basic terms for those following this discussion, how do we pay for the debt? I am told every minute the Bush administration spends \$991,000 more than we take in in taxes. This results in a \$520 billion deficit this year. I ask the Senator from Iowa, How do we balance the books? Where do we turn with a deficit like this to help balance the books?

Mr. HARKIN. We are not going to balance it. But I tell you what they are doing. Effectively, they are going hat in hand to the Chinese, and they are saying, Please loan us some money. The Chinese will buy our bonds. Japan is buying our bonds. I think Japan now is the single largest owner of bonds. I think China is No. 2, if I am not mistaken.

Mr. DURBIN. Japan is \$526 billion, and China—I can give you the exact number. I think the figure is \$144 billion.

Mr. HARKIN. From China?

Mr. DURBIN. China.

Mr. HARKIN. And they will keep buying more and more and as the huge deficits pile up America's debt. This is going hat in hand to China and Japan and South Korea and many other countries. To do what? To finance huge tax breaks for the wealthy.

Mr. DURBIN. I ask the Senator from Iowa to complete the thought; the obvious question which I ask which we ought to consider, where does China get the dollars to buy the debt of the United States? Where does China have a surplus of dollars coming in? What is it about China that they end up with all of these dollars?

Mr. HARKIN. I ask my friend from Illinois, what is the trade deficit we have with China?

Mr. DURBIN. That is exactly the answer. It is a trade deficit.

Mr. HARKIN. So we have a huge trade deficit with China. We are buying everything from China. They get the dollars, and we go hat in hand, a debtor nation, and effectively say, please, buy our bonds.

Mr. DURBIN. And I ask the Senator from Iowa, in your home State of Iowa

and my State of Illinois, we have lost 20 percent of our manufacturing jobs in the last few years; America has lost 3 million jobs under this President, more than any President since the Great Depression. So as we have lost these jobs and lost these businesses, and our economy is sinking—a jobless recovery is no recovery where I live—we see other countries who now take over our manufacturing jobs, like China, and because they are selling more to the United States, they have dollars and turn around and own our debt.

So our workers do not have the jobs, their children have the debt, and China is holding the mortgage. Is that the fact?

Mr. HARKIN. The Senator is on to something. First of all, they are getting our dollars for the products they make and send to this country with cheap labor, with no Social Security protections for the workers. They get all those dollars. They then buy our debt, they buy our bonds. The Senator is right. They buy the bonds and then there is interest on the bonds, a lot of interest. So who gets the interest payments? The Chinese get the interest payments.

So our workers lose their jobs, the jobs go to China, we buy their goods, they get the dollars, they buy our bonds, and the Senator is absolutely right. It is the workers' families, the kids who now have to pony up to pay the interest charges.

Now, I ask the Senator, looking ahead, if, in fact, we have these huge budget deficits which are going to roll on year after year, that means someone has to finance this debt. So we will still be going back to the Chinese and the Japanese, the Europeans and others, to buy our debt.

I ask the Senator, if you are in the position of having a lot of money and you are buying debt, do you want high interest rates or low interest rates?

Mr. DURBIN. I say to the Senator from Iowa, clearly what we have here is a scarce commodity—dollars. And the people who can come up with the dollars want to get paid more for coming up with them in terms of interest. As the interest goes up that is being paid for those holding our debt overseas, it runs up the interest rates in America in terms of how we can expand our businesses.

So we have lost the jobs. We have lost the manufacturing. And with interest rate pressure going up from all of the debt, we are making it more difficult for businesses to rebound, build in America, and create American jobs.

Is the Senator from Iowa aware of the figures given by Senator KENT CONRAD on the Budget Committee that by 2009, every American will have as their personal share of our American mortgage, our American debt, \$35,283, so that the debt tax from the Bush administration on every individual American will be over \$35,000.

I ask my friend from Iowa if he believes the people in his State, let alone